

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

# Interim Report

JANUARY – SEPTEMBER 2010



- 1 Key Facts  
2 Key Events

- 6 Business Development  
12 Net Assets, Financial Position  
and Results of Operations  
15 Outlook

- 20 Income Statement  
21 Statement of Comprehensive  
Income  
24 Balance Sheet  
25 Statement of Changes in  
Equity  
26 Cash Flow Statement  
27 Notes to the Financial  
Statements

## Key Figures

### VOLKSWAGEN GROUP

Volume Data <sup>1</sup>	Q3			Q1-3		
	2010	2009	%	2010	2009	%
Deliveries to customers ('000 units)	1,796	1,671	+ 7.5	5,409	4,790	+ 12.9
of which: in Germany	240	323	- 25.8	773	956	- 19.2
abroad	1,556	1,348	+ 15.5	4,636	3,834	+ 20.9
Vehicle sales ('000 units)	1,779	1,608	+ 10.6	5,345	4,616	+ 15.8
of which: in Germany	262	361	- 27.2	796	1,022	- 22.1
abroad	1,517	1,248	+ 21.6	4,550	3,594	+ 26.6
Production ('000 units)	1,762	1,539	+ 14.5	5,348	4,361	+ 22.6
of which: in Germany	453	488	- 7.1	1,568	1,410	+ 11.2
abroad	1,308	1,051	+ 24.5	3,779	2,952	+ 28.0
Employees ('000 on Sept. 30, 2010/Dec. 31, 2009)				389.7	368.5	+ 5.8
of which: in Germany				178.5	172.6	+ 3.4
abroad				211.2	195.9	+ 7.8

Financial Data (IFRSs), € million	Q3			Q1-3		
	2010	2009	%	2010	2009	%
Sales revenue	30,738	25,956	+ 18.4	92,547	77,158	+ 19.9
Operating profit	1,985	278	x	4,826	1,518	x
as a percentage of sales revenue	6.5	1.1		5.2	2.0	
Profit before tax	2,820	262	x	5,444	1,065	x
as a percentage of sales revenue	9.2	1.0		5.9	1.4	
Profit after tax	2,205	161	x	4,029	655	x
Profit attributable to shareholders of Volkswagen AG	2,104	172	x	3,778	719	x
Cash flows from operating activities <sup>2</sup>	3,824	3,363	+ 13.7	10,487	10,289	+ 1.9
Cash flows from investing activities <sup>2</sup>	1,878	1,967	- 4.5	6,454	4,102	+ 57.3
Automotive Division <sup>3</sup>						
EBITDA <sup>4</sup>	3,342	1,818	+ 83.9	9,822	5,957	+ 64.9
Cash flows from operating activities <sup>2</sup>	4,242	2,744	+ 54.6	11,506	9,157	+ 25.7
Cash flows from investing activities <sup>2, 5</sup>	1,809	1,952	- 7.4	6,327	4,052	+ 56.1
of which: investments in property, plant and equipment <sup>2</sup>	1,408	1,332	+ 5.7	3,327	3,856	- 13.7
as a percentage of sales revenue	5.2	5.8		4.0	5.7	
capitalized development costs <sup>6</sup>	496	568	- 12.7	1,342	1,502	- 10.7
as a percentage of sales revenue	1.8	2.5		1.6	2.2	
Net cash flow	2,433	791	x	5,179	5,104	+ 1.5
Net liquidity at September 30				19,644	13,391	+ 46.7

1 Volume data including the vehicle production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2009 deliveries updated on the basis of statistical extrapolations.

2 2009 adjusted.

3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

4 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement; Q4 2009: €2,047 million, Q1 2010: €2,396 million, Q2 2010: €4,084 million.

5 Excluding acquisition and disposal of equity investments: Q3 €1,724 million (€1,897 million), Q1-3 €4,332 million (€5,278 million).

6 See table on page 30.

## Key Facts

- › Volkswagen Group continues successful business growth in the reporting period
- › Operating profit up €3.3 billion on weak prior-year period at €4.8 billion
- › Profit before tax increases by €4.4 billion to €5.4 billion; positive effects from equity-accounted investments and from measurement of put/call rights relating to Porsche Zwischenholding GmbH at the reporting date (€863 million)
- › Group sales revenue up 19.9% year-on-year at €92.5 billion
- › Cash flows from operating activities in the Automotive Division increased by €2.3 billion to €11.5 billion; ratio of investments in property, plant and equipment (capex) to sales revenue amounts to 4.0% (5.7%)
- › Automotive Division net liquidity increased further to €19.6 billion
- › Strong demand for Group models:
  - Group deliveries to customers up 12.9% year-on-year to 5.4 million vehicles; global market share amounts to 11.6% (11.5%)
  - China, Western Europe, North and South America continue driving demand
  - Volkswagen Passenger Cars brand unveils the new Passat and the new Passat Variant
  - Audi celebrates the world premiere of the Audi A7 Sportback; Audi quattro Concept and Audi e-tron Spyder studies cause a stir
  - Škoda and SEAT present the purely electric-powered Octavia Green E Line and IBE concept cars
  - Bentley unveils the new Continental GT; advanced carbon fiber body makes the Lamborghini Sesto Elemento a compelling vehicle
  - The new Caddy and the Amarok SingleCab are just two of the vehicles making their debut at the IAA Commercial Vehicles; Scania showcases the V8 – the world's most powerful truck

## Key Events

### **VOLKSWAGEN GROUP PRESENTS NEW MODELS**

In the third quarter of this year, the Volkswagen Group again showcased a large number of new models at motor shows and exclusive events in Munich, Moscow, Hanover and Paris.

#### **World premiere of Audi A7 Sportback**

In July, the Audi brand celebrated a special debut in the “Pinakothek der Moderne” modern art museum in Munich when it unveiled the new Audi A7 Sportback. Combining the sporty elegance of a coupé with the functionality of a five-door vehicle, the Audi A7 Sportback also meets the highest demands in terms of driving dynamics, comfort, safety and quality. Its lightweight body featuring numerous aluminum components, its powerful and efficient engines, and innovative assistance and infotainment systems set new standards in the premium coupé segment.

#### **Moscow Motor Show**

The Volkswagen Group presented a large number of new models to the Russian audience at the Moscow Motor Show in August. The highlight of these was the Polo saloon produced at Volkswagen’s Kaluga plant in Russia; development of this vehicle took into account the country’s special climate and road conditions. In addition, the Touareg Hybrid, the new Phaeton and the new Touran celebrated their Russian premieres. The Audi brand showcased the new Audi A7 Sportback in Moscow, while Volkswagen Commercial Vehicles presented the robust Amarok pickup to motor show visitors.

#### **IAA Commercial Vehicles Hanover**

Volkswagen Commercial Vehicles presented five innovations offering a high degree of efficiency, functionality and safety to visitors at the International Commercial Vehicles Motor Show (IAA) in Hanover in September.

The main focus was the new Caddy: this compact urban delivery vehicle’s design, functionality, safety and equipment have been perfected even further compared with its predecessor. Its innovative and efficient range of engines reduce fuel consumption by up to 21%. Another highlight at the Volkswagen stand was the Amarok SingleCab, whose loading space has been extended to 2.20 m despite having the same vehicle dimensions as the four-door model. The Transporter featuring BlueMotion Technology also celebrated its debut. Compared with the current standard model with the same power, the new Transporter’s combined consumption has been reduced by a further 0.5 l, which means that it only requires an average of 6.8 l per

100 km. 25 years ago, Volkswagen began series production of the first Multivan and the first four-wheel drive Transporter. To mark this anniversary, Volkswagen Commercial Vehicles presented the Multivan “Edition25” in Hanover and unveiled the Rockton – a particularly robust version of the Transporter for use on difficult terrain. A matte black painted roof, black alloy wheels, exclusive equipment as standard and outstanding value for money make the Multivan “Edition25” a compelling vehicle. The Transporter Rockton features 4MOTION four-wheel drive, a 30 mm body lift and reinforced suspension.

The IAA in Hanover saw the Scania brand present the new V8 – the world’s most powerful truck. The Swedish brand also unveiled the innovative R-series, which sets new standards in efficiency and comfort. Other innovations were the new Scania Touring coach, the low-floor Scania OmniCity bus and the Ecolution by Scania service program. This program offers customers tailored services designed to reduce CO<sub>2</sub> emissions and fuel consumption, and thus increasing the Scania fleet’s environmental compatibility, efficiency and profitability for customers in the long term.

#### **Mondial de l’Automobile in Paris**

At the end of September, the Volkswagen Passenger Cars brand scored a particular highlight at the Paris Motor Show with the world premiere of the seventh generation Passat saloon and Passat Variant. These vehicles offer a compelling design thanks to their straight lines, clearly structured surfaces and dynamic proportions. The new Passat’s perfected comfort, quality and safety features as well as its premium-level assistance systems allow it to again set standards in the mid-range segment. Energy recovery, an automatic City emergency braking function, Fatigue Detection and the masked Dynamic Light Assist are only some of its new technical features. The interior of the Passat has also been extensively revamped, while the nature and quality of the materials used bridge the gap to the segment above. The Passat saloon and Passat Variant will be available in a total of ten engine variants from November 2010.

The Audi brand impressed motor show visitors in Paris with the Audi quattro concept – the modern interpretation of the legendary 1980s Audi quattro. The 300 kW (408 PS) five-cylinder turbo engine, lightweight body and latest generation permanent four-wheel drive make the Audi quattro a top sports car. Audi gave a preview of the sports car of the future in the form of the Audi e-tron Spyder, which intelligently combines TDI technology and an electric drive. Its hallmarks are a strikingly powerful

design and a highly efficient plug-in hybrid drive. The Paris Motor Show also saw the launch of the Audi R8 GT<sup>1</sup> – a lighter and more powerful version of the Audi R8 high-performance sports car that is limited to 333 examples.

The Škoda stand focused on environmentally friendly mobility. The brand demonstrated its innovative strength and technical expertise by showcasing the Octavia Green E Line concept car, Škoda’s first purely electric-powered vehicle. The electric motor has a performance of up to 85 kW and accelerates the model – which is based on the Octavia Estate – to an electronically limited top speed of 135 km/h. The lithium ion battery’s storage capacity gives the vehicle a range of 140 km. Škoda’s second generation GreenLine models also represent sustainable mobility. The brand’s eco-label stands for state-of-the-art engines and innovative solutions, such as the start-stop system or regenerative braking, and is now available in all Škoda’s model series.

SEAT presented its vision of an electromobile future in Paris by unveiling the IBE concept car. This compact sports coupé with powerful proportions is an enhancement of the concept presented by the brand in March 2010 in Geneva. The SEAT IBE is powered by a 75 kW electric motor and combines dynamic driving pleasure with ecological responsibility. SEAT also showcased the new Alhambra in Paris. This flexible and versatile van with space for up to seven passengers meets the needs of both families and high-mileage business drivers. In addition to rear sliding doors as standard, another key benefit is the ability to quickly fold down the second- and third-row seats thanks to the intelligent EasyFold system.

At the Paris Motor Show, Volkswagen Commercial Vehicles presented the new Caddy featuring BlueMotion Technology, which again surpasses its economical predecessor with minimal average consumption of 4.9 l per 100 km and CO<sub>2</sub> emissions of only 129 g/km (combined).

The premiere of the new Bentley Continental GT<sup>2</sup> was another of the Volkswagen Group’s highlights in Paris. Its design is inspired by the first Continental GT, but is bolder and more athletic than ever due to its even more sharply defined lines and shapes. The 423 kW (575 PS) W12 engine gives greater performance and, at 700 Nm, more torque than its predecessor. Increased leg room and a state-of-the-art infotainment system offer additional comfort in the luxurious interior.

Lamborghini thrilled motor show visitors with the Lamborghini Sesto Elemento. The most advanced carbon fiber technology gives this super sports car a curb weight of only 999 kg – including a V10 engine and four-wheel drive. 419 kW (570 PS) performance enables it to accelerate from 0 to 100 km/h in only 2.5 seconds. This uncompromising dynamism is also immediately visible from the concept car’s design: precise, sharp edges reflect a reduction to the essentials and perfect aerodynamics.

The European premiere of the world record-breaking Bugatti Veyron 16.4 Super Sport<sup>2</sup> caused quite a stir at the Paris Motor Show. In July 2010, the 882 kW (1,200 PS) high-performance sports car set a new world land speed record for production vehicles with an average speed of 431 km/h. In addition to a large number of technical modifications, the Veyron 16.4 Super Sport’s elongated silhouette is one of its key distinguishing features.

**VOLKSWAGEN GROUP WINS NUMEROUS AWARDS**

The Volkswagen Group again received a series of awards in the third quarter of 2010.

In July, the Golf BlueMotion<sup>1</sup> was voted “Green Car of the Year” by British motoring magazine “What Car?”. It was chosen mainly because of its low CO<sub>2</sub> emissions of 99 g/km and economical consumption of 3.8 l of diesel per 100 km (combined). The Passat BlueMotion also received the title of “Green Family Car”.

The Touran TSI EcoFuel was named the most environmentally friendly seven-seater in the Auto-Umweltliste published by the German automobile association Verkehrsclub Deutschland (VCD) in August. Its CNG drive offers dynamic driving pleasure plus low fuel consumption and emissions. The Polo BlueMotion<sup>1</sup> came second in the small car segment, and ten other Volkswagen models received top placings in the 45-vehicle survey.

As in the previous year, the Audi brand won the “Automotive Lean Production Award” presented by specialist journal “Automobil Produktion” in September. Production of the Audi A4, Audi A5 and Audi Q5 models at the Ingolstadt plant beat its competitors in the “Manufacturer” category. The jury were particularly impressed by the quality, process reliability and efficiency of production. They also praised the way in which Audi is tackling the challenges posed by demographic change and is implementing ergonomics in its production.

1 Consumption and emission data can be found on page 11 of this report.

2 No binding consumption and emission data is currently available for this model.

This year's Corporate Trust Index (CTI) was published in August and is headed by the Volkswagen Group as the most trustworthy company in the DAX 30. The CTI was prepared by the Institute of Communications and Media Studies at Leipzig University and PMG'S Presse-Monitor. According to the CTI, the public's considerable confidence in Volkswagen is because the Group is highly crisis-resistant. The Company's new models, the Audi brand's extremely good performance and the successes in the Chinese market were other compelling factors.

#### **PRODUCTION MILESTONES**

The Volkswagen Passenger Cars brand celebrated two production milestones in the third quarter of this year: in August, AUTOEUROPA-AUTOMÓVEIS LDA. in Palmela, Portugal, produced the 100,000<sup>th</sup> third generation Scirocco – only two years after it was launched. In addition to the compact sports coupé, the Eos and Sharan models are manufactured in Palmela.

The 15 millionth Golf produced at the Wolfsburg plant rolled off the production line on September 3, 2010. Since the Golf was launched 36 years ago, more than 27 million models have been manufactured worldwide. The Golf is the Volkswagen Group's highest-volume vehicle by far and has been the best selling car in Germany for 35 consecutive years.

#### **NEW ENGINE PLANT IN MEXICO**

The Volkswagen Group is constructing a new engine plant in Silao, Mexico, as part of its growth strategy for North America. Building work will begin in 2010, and up to 330,000 latest generation engines will be produced there each year from 2013. The Silao plant will supply engines to Volkswagen's North American facilities in Puebla (Mexico) and Chattanooga (USA). The investment volume for developing new powertrains and establishing the plant totals USD 550 million. Volkswagen aims to employ around 700 people in Silao in the medium term. Other jobs will also be created at suppliers and in the logistics sector.

#### **VOLKSWAGEN IN THE DOW JONES SUSTAINABILITY INDEX**

Volkswagen again meets the strict requirements of the Dow Jones Sustainability Index this year and is therefore listed in the world's most significant sustainability index for the fourth consecutive time. The Company's inclusion

in the 2010 Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index is due mainly to environmental management, sustainability reporting, social commitment and its achievements in the area of employment growth.

#### **STRATEGIC PARTNERSHIPS**

On August 12, 2010, Volkswagen and US company Cummins MerCruiser Diesel (CMD) agreed a strategic partnership for the development and supply of marine engines. As a leading manufacturer of up to 285 kW diesel marine engines, Volkswagen will develop series production of a new generation of engines at its Salzgitter plant that will meet future emission standards in the USA and Europe. Starting in 2011, all Volkswagen marine engines will be supplied exclusively to CMD and sold under its name. This cooperation allows Volkswagen to develop another automotive-related area of expertise and to safeguard jobs at its Salzgitter plant for the long term.

On August 13, 2010, Volkswagen and the Malaysian company DRB Hicom signed a memorandum of understanding to examine local vehicle production. The joint plans envisage the manufacture of Volkswagen models in Malaysia from 2012. This move enables Volkswagen to gradually expand its activities in South East Asia as part of its Strategy 2018.

#### **INTERNAL ENVIRONMENTAL AWARD PRESENTED**

Since 2001, the internal Volkswagen Environmental Award has honored innovative ideas by employees that help increase the environmental compatibility of products and production. This year's winners identified considerable savings potential with their ideas. First prize in the "Product" category went to a team of staff at the Wolfsburg plant that developed underbody paneling made from recycled materials. This component reduces air resistance, noise levels, vehicle weight and fuel consumption, and is already being used in series production. The top prize in the "Production" category was awarded to a team from the paint and acid storage facility at the Emden plant. The employees produced a compelling design that enables barrels to be refilled in a resource-friendly manner. In addition, two employees were recognized for their personal commitment in the areas of sustainable factory planning and energy management.

# Volkswagen Shares

The international equity markets remained very volatile in the third quarter of 2010, although a positive trend was recorded. Above all, healthy corporate results at the beginning of the quarter led to an increase in share prices that continued into August and reached year-to-date highs in some cases. At the same time, the difficult financial situation facing certain eurozone countries faded into the background of market participants' perceptions. In the course of August, prices slid significantly due to weaker economic data and the associated uncertainty about the sustainability of the economic recovery. During this period, the DAX fell below 6,000 points. The losses were virtually offset in September.

The DAX closed the third quarter of 2010 at 6,229 points, up 4.6% as against December 31, 2009. The DJ Euro STOXX Automobile closed at 285 points on September 30, 2010, 22.8% above the level at the end of 2009.

Volkswagen's preferred share price performed significantly better than the overall market in the third quarter of 2010. Preferred shares rose sharply in July, which was due in particular to the better than expected volume and financial data for the first half of 2010. Following a volatile

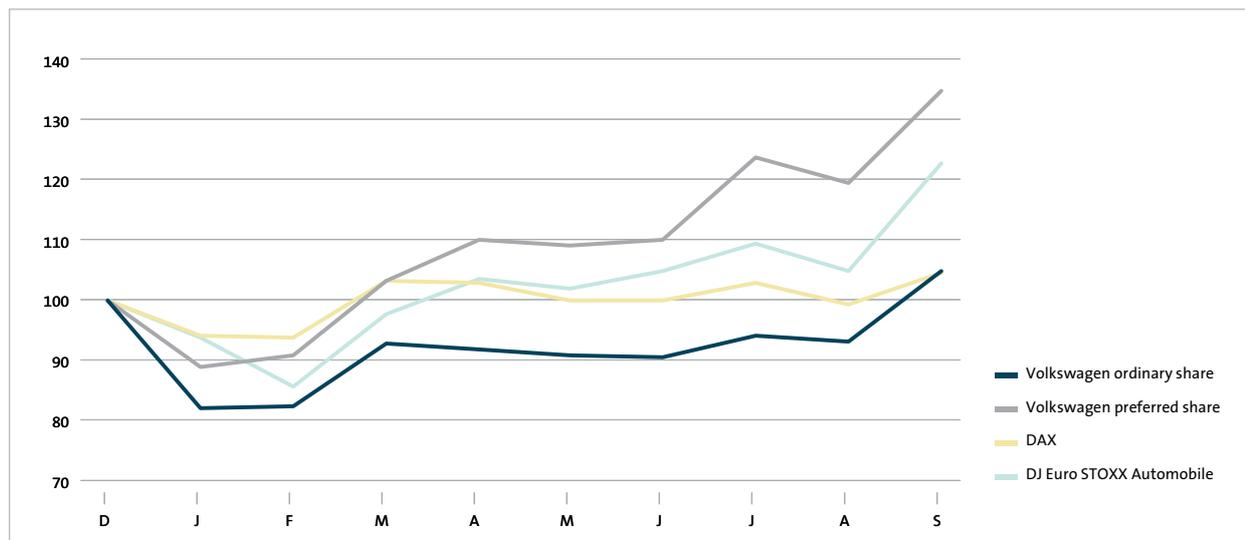
sideways movement in August, there was a further increase in the share price in September, primarily on the back of general interest in automotive industry shares. The ordinary share price performed similarly to the sector index in the period from July to September 2010.

Volkswagen AG's preferred shares reached their peak daily closing price for the reporting period of €91.82 on September 20, 2010. At their low on February 15, 2010, the shares traded at €55.83. The preferred shares closed September 2010 at €88.53, 34.7% higher than on December 31, 2009. Volkswagen AG ordinary shares recorded their highest daily closing price in the first nine months of 2010 on September 21, 2010, namely €81.70. At their low on February 12, 2010, the shares traded at €62.30. Volkswagen AG's ordinary shares closed the reporting period at €80.83, 5.0% higher than on December 31, 2009.

Information and explanations on earnings per share can be found in the notes to the consolidated interim financial statements. Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website at [www.volkswagenag.com/ir](http://www.volkswagenag.com/ir).

## SHARE PRICE DEVELOPMENT FROM DECEMBER 2009 TO SEPTEMBER 2010

Index based on month-end prices: December 31, 2009 = 100



## Business Development

### GENERAL ECONOMIC DEVELOPMENT

Global economic growth has slowed in recent months. The distinct differences between the pace of growth in the industrialized nations and the emerging markets persisted. In most emerging markets, especially in China, India and Brazil, the strong pace of expansion continued, while Western Europe recorded only a modest recovery.

The upward trend in the USA has declined significantly since the second quarter, while the unemployment rate has now risen slightly again. The persistently low interest rates and the increasingly deteriorating economic prospects led to a weakening of the US dollar. The Mexican economy, which grew strongly in the first half of the year, also lost momentum.

The fast pace of growth in Brazil has barely slowed to date, thanks to strong domestic demand. Argentina also recorded strong economic growth, although this was accompanied by high inflation.

In China, India and most other Asian emerging markets, economic growth has weakened slightly in recent months,

although it remained comparatively high. On the other hand, the strong yen, high government debt and ongoing deflation led to a distinct weakening of the economy in Japan.

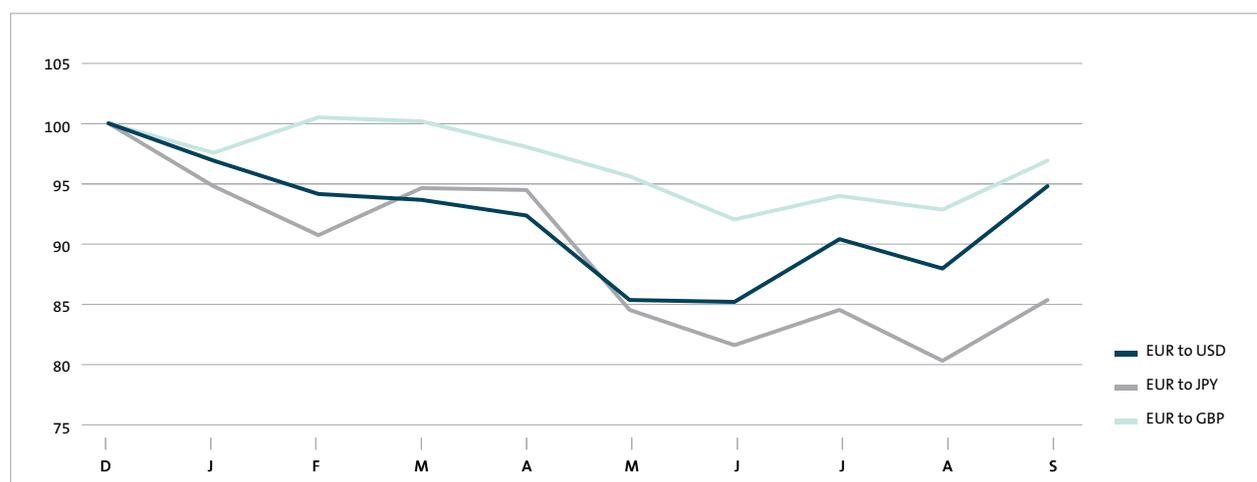
The debt crisis had a negative effect on economic growth in Western Europe during the reporting period, although it was higher than was expected at the beginning of the year. Central and Eastern Europe also saw a continuation of the economic recovery, although the trends in individual countries varied considerably.

After the record growth rate in the second quarter, the German economy is expanding at a moderate pace. The main growth stimuli in recent months came from exports. The ongoing positive trend in the labor market and the positive income trends supported the improvement in consumer sentiment.

In South Africa, the significant appreciation of the rand had the effect of curbing the upward trend. Inflationary pressures were significantly reduced.

### EXCHANGE RATE MOVEMENTS FROM DECEMBER 2009 TO SEPTEMBER 2010

Index based on month-end prices: December 31, 2009 = 100



**DEVELOPMENT OF AUTOMOTIVE MARKETS**

Global demand for passenger cars was up year-on-year in the period from January to September 2010. All regions achieved growth with the exception of Western Europe. The Asian markets recorded by far the highest year-on-year increase.

The recovery in North America continued in the reporting period, but remained significantly behind the highs of previous years. In the US market, sales also rose thanks to increased demand from car rental companies as against the comparatively low prior-year level, although the pace has now slowed. In Canada and Mexico, the total volume of the passenger car and light truck market also increased.

In the first three quarters of 2010, the new vehicle business in South America rose as against the prior-year period. The number of passenger car sales in Brazil only saw a slight increase due to the expiry of government programs. The Argentinian passenger car market recorded above-average growth year to date. The new record high was driven above all by high economic growth.

The Asia-Pacific region was again the most important growth driver of global demand for passenger cars in the first nine months of 2010. In China, sales benefited from the continued government incentives but, as expected, the

growth rate slowed in the course of the year. New passenger car registrations in Japan, supported by government incentive programs, significantly exceeded the very weak level of the prior-year period. In the Indian passenger car market, the fast pace of growth continued due above all to an increased income level.

In Western Europe, new passenger car registrations in the first nine months of 2010 were down overall year-on-year. The negative trend in the high-volume markets in the third quarter in particular is a result of the expiry of government support programs.

In the countries of Central and Eastern Europe, the low prior-year volume was slightly exceeded in the period from January to September 2010. However, the expansion in the overall market is attributable almost exclusively to the recovery in demand in Russia, supported by the government's current incentive program.

As expected, new passenger car registrations in Germany in the first three quarters of 2010 were down substantially on the previous year's level. Demand therefore fell to its lowest level since German reunification.

In South Africa, growth in the passenger car market, which has been ongoing since the beginning of the year, continued to accelerate in the third quarter, in particular due to improved financing conditions.

### VEHICLE DELIVERIES WORLDWIDE

The Volkswagen Group delivered 5,408,554 vehicles worldwide from January to September 2010. This represented an increase of 12.9% compared with the prior-year period, in which demand was hit particularly hard by the financial and economic crisis. With the exception of Lamborghini and Bugatti, all Group brands exceeded the previous year's sales figures. The Volkswagen Passenger Cars (+12.2%), Audi (+17.6%), Škoda (+12.8%), Volkswagen Commercial

Vehicles (+15.9%) and Scania (+46.7%) brands recorded the sharpest increase in demand. Demand for Group models was again strongest in the Asia-Pacific region, but the positive trend also continued in North and South America and in many parts of Western Europe.

The table on this page gives an overview of deliveries to customers by market and of the respective passenger car market shares in the reporting period.

### DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY TO SEPTEMBER<sup>1</sup>

	DELIVERIES (UNITS)		CHANGE (%)	SHARE OF PASSENGER CAR MARKET (%)	
	2010	2009		2010	2009
<b>Europe/Remaining markets</b>	<b>2,715,478</b>	<b>2,640,789</b>	<b>+ 2.8</b>		
<b>Western Europe</b>	<b>2,214,060</b>	<b>2,205,339</b>	<b>+ 0.4</b>	<b>21.0</b>	<b>21.1</b>
of which: Germany	772,508	955,982	- 19.2	35.4	33.7
United Kingdom	306,878	260,478	+ 17.8	17.1	16.1
France	200,774	189,544	+ 5.9	11.1	11.5
Spain	200,383	162,328	+ 23.4	24.3	23.2
Italy	185,575	178,800	+ 3.8	11.3	10.3
<b>Central and Eastern Europe</b>	<b>307,660</b>	<b>288,101</b>	<b>+ 6.8</b>	<b>13.7</b>	<b>13.2</b>
Of which: Russia	93,384	73,220	+ 27.5	7.2	6.6
Czech Republic	61,872	55,822	+ 10.8	46.7	42.4
Poland	57,305	57,923	- 1.1	22.5	22.0
<b>Remaining markets</b>	<b>193,758</b>	<b>147,349</b>	<b>+ 31.5</b>		
of which: Turkey	58,247	38,332	+ 52.0	13.4	10.7
South Africa	54,987	41,484	+ 32.5	20.6	20.3
<b>North America<sup>2</sup></b>	<b>400,078</b>	<b>349,909</b>	<b>+ 14.3</b>	<b>3.8</b>	<b>3.6</b>
of which: USA	267,520	220,644	+ 21.2	3.1	2.8
Mexico	87,821	90,702	- 3.2	15.5	17.0
Canada	44,737	38,563	+ 16.0	3.7	3.4
<b>South America</b>	<b>654,247</b>	<b>625,539</b>	<b>+ 4.6</b>	<b>19.9</b>	<b>22.1</b>
of which: Brazil	524,626	528,870	- 0.8	22.8	25.9
Argentina	99,332	78,199	+ 27.0	24.0	25.4
<b>Asia-Pacific</b>	<b>1,638,751</b>	<b>1,173,564</b>	<b>+ 39.6</b>	<b>10.0</b>	<b>9.2</b>
of which: China	1,477,013	1,062,284	+ 39.0	18.3	18.0
Japan	51,871	40,236	+ 28.9	1.5	1.4
India	32,481	13,956	x	2.0	1.1
<b>Worldwide</b>	<b>5,408,554</b>	<b>4,789,801</b>	<b>+ 12.9</b>	<b>11.6</b>	<b>11.5</b>
Volkswagen Passenger Cars	3,392,303	3,022,444	+ 12.2		
Audi	829,307	704,976	+ 17.6		
Škoda	568,990	504,625	+ 12.8		
SEAT	259,054	255,371	+ 1.4		
Bentley	3,651	3,313	+ 10.2		
Lamborghini	1,002	1,210	- 17.2		
Volkswagen Commercial Vehicles	310,670	268,139	+ 15.9		
Scania	43,549	29,690	+ 46.7		
Bugatti	28	33	- 15.2		

<sup>1</sup> Deliveries and market shares for 2009 have been updated to reflect subsequent statistical trends.

<sup>2</sup> Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

**VOLKSWAGEN GROUP DELIVERIES BY MONTH**

Vehicles in thousands



Sales trends in the individual markets are as follows.

**DELIVERIES IN EUROPE/REMAINING MARKETS**

With an increase of 0.4%, Volkswagen Group deliveries in Western Europe were only slightly above the previous year’s level due to the sharply declining passenger car market in Germany. The proportion of vehicles sold in Western Europe accounted for 40.9% (46.0%) of the Group’s total delivery volume. Excluding the German market, all of the volume brands increased sales to customers as against the previous year. Demand was particularly strong for the Polo, Golf, Tiguan, Škoda Octavia, SEAT Leon and SEAT Altea XL models. The new Audi A4 allroad quattro, Audi A5 Sportback, Škoda Yeti, Škoda Superb Estate and SEAT Exeo ST models also continued to record rising sales figures. The market share held by the Volkswagen Group in Western Europe remained virtually unchanged at 21.0% (21.1%).

The number of deliveries to Volkswagen Group customers in Germany from January to September 2010 was down 19.2% on the prior-year period, which had benefited greatly from the government scrapping premium. However, demand increased for the SEAT Leon and SEAT Altea XL models. The new Touareg, Audi A4 allroad quattro, Audi A5 Sportback, Audi A8, Škoda Yeti, Škoda Superb Estate and SEAT Exeo ST were increasingly popular. Six Group models led the Kraftfahrtbundesamt (KBA - German Federal

Motor Transport Authority) registration statistics in their respective segments during the reporting period: the Polo, Golf, Passat, Touran, Tiguan and Multivan/Transporter. The Golf remains the undisputed leader among newly registered vehicles in the passenger car market in Germany. The market share held by the Volkswagen Group in Germany increased to 35.4% in the period from January to September (33.7%).

In Central and Eastern Europe, we delivered 6.8% more vehicles in the reporting period than in the previous year. This was primarily a result of the very positive performance in the Russian passenger car market in the second half of the year (+17.6%), where we sold 27.5% more units. Sales figures also exceeded those for the previous year in the Czech Republic (+10.8%). The Polo, Tiguan, Audi A6, Audi Q5, Škoda Octavia and SEAT Leon models recorded rising demand in Central and Eastern Europe. Demand for the new Audi A5 Sportback and Škoda Yeti models was also very strong.

Demand for Group models continued to grow strongly in the local passenger car market in South Africa. Deliveries to customers increased by 32.5% in the period from January to September 2010 as against the prior-year period, which had been hit hard by the financial and economic crisis. The market share held by the Volkswagen Group in South Africa increased to 20.6% (20.3%).

**DELIVERIES IN NORTH AMERICA**

Although growth in the passenger car market in the USA slowed somewhat in the second half of the year, the Volkswagen Group's sales figures increased by 21.2% in the reporting period. The New Beetle, Golf, Tiguan, Passat CC, Audi A3, Audi A4, Audi A5 Coupé and Audi Q5 models recorded the highest growth rates.

In Canada, deliveries to the Volkswagen Group's customers exceeded the comparative figures for the previous year by 16.0% in the first nine months of 2010. Particularly strong demand was recorded for the Golf, Tiguan, Audi A4 and Audi Q5 models. We delivered 3.2% fewer vehicles than in the previous year in the Mexican passenger car market. However, we recorded increased sales figures for the Tiguan, Jetta, Audi Q5, SEAT Ibiza and SEAT Altea models.

**DELIVERIES IN SOUTH AMERICA**

In the period from January to September 2010, demand in the South American passenger car markets increased as against the comparative figure for the previous year. The Volkswagen Group increased sales here by 4.6%. In Brazil, we delivered 0.8% fewer vehicles than in the previous year. However, demand for the Fox and Saveiro models rose year-on-year. The total delivery figures also include the Saveiro and T2 light commercial vehicles. We sold a total of 60.7% more of these models in the Brazilian passenger car market than in the prior-year period.

Demand for Group models in the Argentinian passenger car market also outperformed the market as a whole in the third quarter of 2010. In the reporting period, we sold 27.0% more vehicles than in the previous year. The Fox MPV, Gol, Voyage and Jetta models recorded the highest growth. The

new Amarok model was also increasingly popular. The Volkswagen Group remains the market leader in Argentina, with a market share of 24.0% (25.4%).

**DELIVERIES IN ASIA-PACIFIC**

The passenger car markets in the Asia Pacific region were again by far the fastest growing markets in the second half of 2010. However, growth rates have recently weakened slightly. The Volkswagen Group delivered 39.6% more vehicles to customers here in the reporting period than in the prior-year period. The Chinese passenger car market continued its dynamic growth, but at a slightly slower pace. The Group's sales here were up 39.0% on the previous year. Almost all models recorded a rise in demand. We defended our leadership position in the highly competitive Chinese passenger car market, with a market share of 18.3% (18.0%). In Japan, our sales figures were up 28.9% year-on-year. Particularly strong demand was recorded for the Polo, Golf and Audi A3 models.

The positive trend in our sales figures also continued in the remaining markets in the Asia-Pacific region. In India, deliveries were more than double the previous year's level.

**DELIVERIES OF HEAVY COMMERCIAL VEHICLES**

The Scania brand sold 43,549 heavy commercial vehicles in the reporting period, 46.7% more than in the prior-year period. Scania delivered 14,074 units in South America (+114.0%). Demand for heavy commercial vehicles was significantly higher year-on-year especially in Brazil, Argentina, the markets in the Asia-Pacific region and the Middle East.

> Business Development  
 Net Assets, Financial Position  
 and Results of Operations  
 Outlook

**WORLDWIDE DEVELOPMENT OF INVENTORIES**

Global inventories held by Group companies and the dealer organization at the end of the reporting period were down on the end of 2009, but up as against September 30, 2009.

**UNIT SALES, PRODUCTION AND EMPLOYEES**

In the period from January to September 2010, the Volkswagen Group sold 5,345,229 vehicles to the dealer organization worldwide. The figure for the prior-year period, which had been significantly impacted by the financial and economic crisis, was exceeded by 15.8%. 26.6% more units were sold outside Germany, while the number of vehicles sold in Germany declined by 22.1%. The proportion of total sales generated in Germany was 14.9% (22.1%).

The Volkswagen Group produced 5,347,680 vehicles in the reporting period, 22.6% more than in the prior-year period. The proportion of vehicles produced in Germany was 29.3% (32.3%).

The Volkswagen Group had 374,334 active employees as of September 30, 2010. In addition, 5,110 employees

were in the passive phase of their early retirement and 10,270 people were in apprenticeships. At the end of the reporting period, the Volkswagen Group employed a total of 389,714 persons, 5.8% more than on December 31, 2009. The increase was primarily a result of the development of new production facilities and the expansion of production volumes in Germany and abroad. 178,473 people were employed in Germany (+3.4%), accounting for 45.8% of the total headcount.

**OPPORTUNITY AND RISK REPORT**

There were no significant changes to the opportunity and risk position compared with the presentation in the “Risk Report” and “Report on Expected Developments” in the 2009 Annual Report. An exception to this are the positive changes in our expectations with regard to the Group’s unit sales and earnings growth in 2010, which are presented in the Outlook on page 15 of this report.

**CONSUMPTION AND EMISSION DATA**

In accordance with Pkw-EnVKV (German Passenger Car Fuel Consumption and CO<sub>2</sub> Emissions Information Regulation)

MODEL	OUTPUT kW (PS)	FUEL CONSUMPTION (l/100km)			CO <sub>2</sub> EMISSIONS (g/km)	
		urban	extra-urban	combined	combined	
Audi R8 GT	412 (560)	20.7	9.6	13.7	327	
Volkswagen Golf BlueMotion	77 (105)	4.7	3.4	3.8	99	
Volkswagen Polo BlueMotion	55 (75)	4.0	2.9	3.3	87	

## Net Assets, Financial Position and Results of Operations

In accordance with the amended IAS 7, we report liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also classified as cash flows from operating activities. Prior-year figures have been adjusted accordingly.

### **AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE**

In December 2009, Volkswagen AG acquired 49.9% of the shares of Porsche Zwischenholding GmbH, Stuttgart, which in turn holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. On the basis of the agreements under company law with Porsche Automobil Holding SE, Stuttgart, Volkswagen shares control of Porsche Zwischenholding GmbH and its direct and indirect subsidiaries. The shares of Porsche Zwischenholding GmbH are accounted for using the equity method. The precise allocation of the purchase price to that company's assets and liabilities is still preliminary because of the ongoing analysis.

Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of the Suzuki Motor Corporation, Hamamatsu, Japan, for €1.7 billion. Following the exercise of outstanding convertible bonds by other investors, Volkswagen's interest in Suzuki fell to 19.37%. After acquiring additional shares, Volkswagen increased its interest to 19.89% as of June 30, 2010. The shares are measured using the equity method. Allocation of the purchase price to Suzuki's assets and liabilities has only been preliminary so far.

Noncurrent assets in the Automotive Division were 10.9% higher at the end of the third quarter than at year-end 2009. The higher carrying amount of our equity-

accounted investments made a significant contribution to this. The carrying amount of property, plant and equipment was slightly up on the level at the end of December 2009. Due to the growth in the business volume and an increase in marketable securities and cash and cash equivalents, current assets were 20.3% higher than on December 31, 2009.

On September 30, 2010, the Automotive Division's equity attributable to shareholders of Volkswagen AG amounted to €33.3 billion, €6.0 billion higher than at the end of 2009. The rise was mainly due to the capital increase and the positive earnings trend. Conversely, higher actuarial losses for pension provisions recognized directly in other comprehensive income and the decline in the fair values of derivative financial instruments had a negative effect. Including minority interests, which chiefly relate to minority interests in Scania, equity amounted to €35.6 billion (€29.3 billion). Noncurrent liabilities increased by 7.3% to €42.4 billion, due above all to higher pension provisions. The positive business performance saw current liabilities rising by 19.6%. Both current and noncurrent financial liabilities were reduced.

At €111.4 billion, the Automotive Division's total assets as of September 30, 2010 were 15.2% higher than on December 31, 2009. The capital increase and the expansion in our business were the main reasons for this.

### **FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE**

At the end of the third quarter, the Financial Services Division's total assets amounted to €84.3 billion, up 4.8% on the end of 2009.

Noncurrent assets rose by 7.0% because of an increase in financial services receivables and leasing and rental assets resulting from exchange rate-related and volume-

related factors. Current assets were up by 1.6% compared with December 31, 2009. Within the current assets item, financial services receivables increased by 3.2%. The increase was mainly a result of exchange rate effects, as well as the volume. The Financial Services Division accounted for approximately 43% of the Volkswagen Group's assets at the end of the third quarter.

The Financial Services Division's equity amounted to €9.1 billion on September 30, 2010. The increase of 10.9% compared with December 31, 2009 was mainly due to the higher profit for the period and positive currency translation effects. Noncurrent assets were 1.1% higher, attributable in particular to higher financial liabilities. Current liabilities rose by 6.2% due to the expansion of the business.

Deposits at Volkswagen Bank *direct* amounted to €18.9 billion (€18.3 billion) at the end of the reporting period.

**INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND CASH FLOW IN THE AUTOMOTIVE DIVISION**

Investments in property, plant and equipment in the Automotive Division amounted to €3.3 billion in the period from January to September 2010, down 13.7% on the prior-year period. We invested primarily in our new production facilities, models to be launched in 2010 and 2011, and the ecological alignment of our model range. The ratio of investments in property, plant and equipment to sales revenue (*capex*) was 4.0% (5.7%).

Due to the positive business growth in the reporting period, the Automotive Division's gross cash flow rose by €4.0 billion year-on-year to €9.1 billion. Working capital recorded a cash inflow of €2.4 billion (€4.1 billion). As a result, cash flows from operating activities increased by €2.3 billion to €11.5 billion. The acquisition of the equity interest in Suzuki contributed to a cash outflow from investing activities that was €2.3 billion higher than in the

prior-year period when the sale of the Brazilian commercial vehicles business to the MAN Group had a positive effect. Nevertheless, the Automotive Division's net cash flow improved on the prior-year figure to €5.2 billion (€5.1 billion).

**NET LIQUIDITY**

The Volkswagen Group received cash funds of approximately €4.1 billion in the reporting period from the capital increase from authorized capital.

The Automotive Division recorded net liquidity of €19.6 billion at the end of September 2010, exceeding the figure for December 31, 2009 by €9.0 billion.

The negative net liquidity for the Financial Services Division, which is common in the industry, widened by €3.6 billion to €-66.3 billion compared with year-end 2009.

The Volkswagen Group's net liquidity amounted to €-46.6 billion on September 30, 2010, an increase of €5.4 billion versus the end of 2009.

**VOLKSWAGEN GROUP SALES REVENUE**

The Volkswagen Group's sales revenue of €92.5 billion for the period January to September 2010 exceeded the prior-year figure by 19.9%. In addition to the higher volume, exchange rate effects had a positive effect. The Automotive Division increased its sales revenue in the first nine months of 2010 by 21.0% to €82.2 billion, due among other things to an improved model and country mix. The Group's positive business growth in the Chinese passenger car market is only reflected in the Group's sales revenue mainly by deliveries of vehicle parts, as our Chinese joint ventures are accounted for using the equity method. The Financial Services Division generated sales revenue of €10.3 billion in the reporting period, exceeding the prior-year figure by 11.9%. The proportion of the Group's sales revenue generated outside Germany was 77.7% (70.3%).

### EARNINGS DEVELOPMENT

In the reporting period, the Volkswagen Group recorded a 58.7% year-on-year increase in gross profit to €15.7 billion. This increase was primarily the result of higher unit sales. The gross margin increased from 12.8% in 2009 to 17.0%.

The Automotive Division generated gross profit of €13.3 billion, exceeding the comparative figure for the previous year by €5.2 billion. The Financial Services Division's gross profit rose by 31.3% year-on-year to €2.4 billion.

Although the Group's selling and administrative expenses increased by 18.7% and 14.7% respectively in the reporting period, the ratios of these expenses to sales revenue declined. Consolidated other operating income declined by €0.8 billion to €0.4 billion. In the previous year, this figure included proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business to the MAN Group.

The Volkswagen Group continued its positive business growth in the reporting period and increased its operating

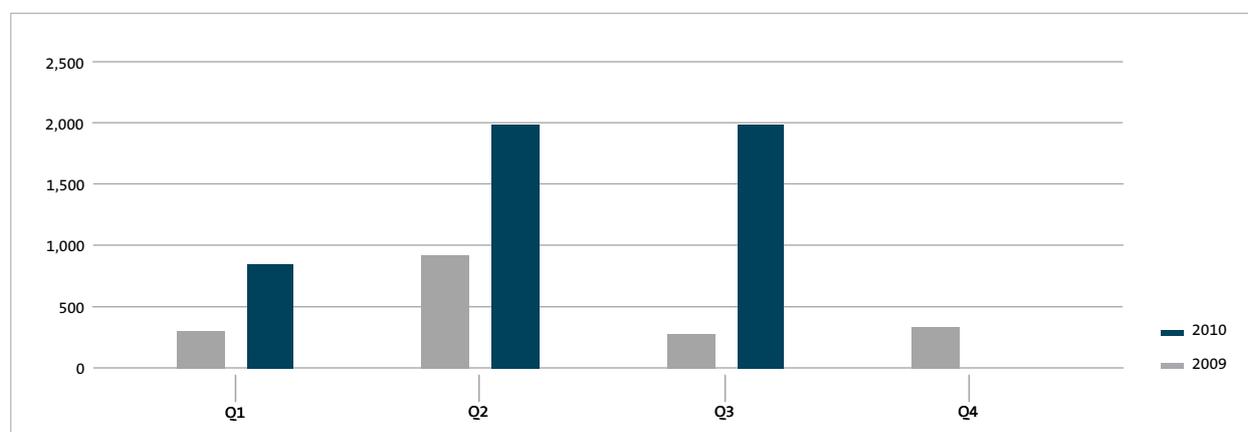
profit by €3.3 billion compared with 2009 to €4.8 billion. The extremely positive business performance of our Chinese joint ventures is not reflected in the Group's operating profit, as these are accounted for using the equity method.

The high finance costs were almost fully compensated by the improved income from equity-accounted investments, in particular the Chinese joint ventures. The updating of the underlying assumptions used in the valuation models for measuring the put/call rights relating to Porsche Zwischenholding GmbH also had a particularly positive effect. By contrast, the measurement of derivative financial instruments for currency and commodity hedging as of the reporting date had a negative effect.

The Volkswagen Group recorded profit before tax of €5.4 billion in the period from January to September 2010, exceeding the 2009 figure by €4.4 billion. Profit after tax amounted to €4.0 billion (€0.7 billion).

### OPERATING PROFIT BY QUARTERS

Volkswagen Group in € million



## Outlook

The majority of the global automotive markets performed positively in the first nine months of 2010. However, the dynamic growth of the first half of the year did not continue unchanged in the third quarter. With the exception of Germany and Italy, all key European markets were up year-on-year.

Global economic growth is expected to weaken further in the coming months. There will continue to be distinct differences between the pace of growth in the individual countries and regions. Growth will slow slightly in most emerging markets, in particular in China and India. We assume that the moderate upward trend in the USA and Western Europe will continue, while the pace of German economic growth will slow. However, exports and a more positive development in private consumption will have a stabilizing effect here.

The total volume of the global automotive markets in 2010 will be above the weak prior-year level, primarily due to the strong growth in the Chinese market. The performance of the large automotive markets will vary considerably. In Western Europe, particularly Germany, we expect demand to be weaker for the year as a whole than in the previous year. The overall market in Central and Eastern Europe will benefit from the positive trend in Russia in the second half of the year and will be up on the prior-year volume. The recovery

in North America will continue and the South American market will exceed the high volume recorded in 2009.

Our presence in all the key regions around the world, the multi-brand strategy, our technological expertise and the most up-to-date, most environmentally friendly and broadest vehicle range that has resulted from that expertise are key advantages for our Company. In the fourth quarter of 2010, the Volkswagen Group's nine brands will again unveil key new models, thus systematically extending our position in the global markets. We therefore continue to anticipate that our deliveries to customers will be significantly higher than in 2009, due among other factors to the positive business growth in China.

The successful business growth of the Volkswagen Group in the first nine months of 2010 will not continue as strongly in the fourth quarter. Nevertheless, we believe that the Group's sales revenue and operating profit in 2010 will continue to perform positively, despite shifts in volumes between the markets. In addition, exchange rate effects will have a positive effect on earnings. We will also continue to focus on disciplined cost and investment management and the continuous optimization of our processes. In doing so, we will systematically pursue the core elements of the "18 plus" strategy – ecological relevance and the return on our vehicle projects.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business.

The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, Russian ruble, Mexican peso, Swedish krona, Australian dollar, Swiss franc, Japanese yen, Brazilian real, Polish zloty, Chinese renminbi and Czech koruna. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2009 Annual Report develop in a way other than we are currently expecting, or additional risks or other factors emerge that adversely affect the development of our business.

## Brands and Business Fields

### SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

In the period from January to September 2010, the Volkswagen Group generated sales revenue of €92.5 billion, an increase of 19.9% compared with the first nine months of 2009. In addition to higher volumes, more favorable exchange rates had a positive effect. At €4.8 billion, operating profit was up €3.3 billion on the prior-year figure, which included the proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business to the MAN Group.

The Volkswagen Passenger Cars brand recorded unit sales of 2.8 million vehicles in the reporting period, exceeding the prior-year figure by 11.8%. This growth was driven in particular by the Polo, New Beetle, Tiguan, Touareg, Jetta and Passat models. Sales revenue increased by 24.1% to €58.9 billion due to higher volumes. At €1.6 billion, operating profit was €1.2 billion higher than in the first nine months of 2009.

The Audi brand sold 968 thousand vehicles in the period from January to September 2010, up 13.6% on the 2009 figure. Demand for the Audi A4 saloon, Audi A6 saloon, Audi Q5 and Audi Q7 models was particularly encouraging. The new Audi A1, Audi A5 Sportback and Audi A8 models also met with a good response from

customers. Due to the increase in volumes, sales revenue improved by 19.9% year-on-year to €26.0 billion. Operating profit almost doubled to €2.3 billion (€1.2 billion). In addition to the volume, this is due mainly to continuous process improvements and systematic cost optimization. The figures for the Lamborghini brand are already included in the key figures for the Audi brand and also developed positively.

The Škoda brand increased its unit sales by 4.3% year-on-year to 426 thousand vehicles in the reporting period. Demand for the Octavia, Superb and Yeti models rose. Sales revenue was up by 21.8% to €6.3 billion. At €314 million, operating profit improved by €152 million compared with the prior-year period. In addition to higher volumes, mix effects and cost reductions had a positive impact.

The Spanish passenger car market recovered in the reporting period. The SEAT brand lifted its unit sales by 10.6% year-on-year to 260 thousand vehicles. All models contributed to this growth. At €3.7 billion, sales revenue was 11.1% higher than in the previous year. The operating loss narrowed by €10 million to €218 million. Earnings were impacted by upfront expenditures for new products and measures to promote higher sales, in particular in the third quarter.

### VOLKSWAGEN GROUP

Division	Automotive Division							Financial Services Division	
Brand/Business Field	Volkswagen Passenger Cars	Audi	Škoda	SEAT	Bentley	Volkswagen Commercial Vehicles	Scania	Other	Dealer and customer financing Leasing Directbank Insurance Fleet business

Operating conditions in the luxury segment increasingly improved in the first nine months of 2010. The Bentley brand increased its unit sales by 29.9% compared with the prior-year period. Sales revenue improved by 33.1% to €503 million. The operating loss narrowed by €3 million to €145 million. Changes in the market and product mix as well as upfront expenditures for new products had a negative effect.

Volkswagen Commercial Vehicles recorded total unit sales of 248 thousand vehicles in the first three quarters of 2010, up 21.7% year-on-year. As the Brazilian commercial vehicles business was sold to the MAN Group in the first quarter of 2009, the January and February sales figures for heavy commercial vehicles are included in the prior-year figures. At €5.4 billion, sales revenue was 35.9% higher than in the previous year. Operating profit declined by 63.5% to €142 million. However, adjusted to include

the proceeds of €0.6 billion received in the previous year from the sale of the Brazilian commercial vehicles business, the operating result was significantly higher than in 2009.

The Scania brand performed extremely well in the reporting period, lifting its unit sales by 46.7% to 44 thousand vehicles. In particular, strong demand in Brazil and the Asia-Pacific markets had a positive effect. At €6.0 billion, sales revenue improved by 31.5% compared with the first nine months of 2009. Operating profit rose to €938 million (€98 million), a substantial increase on the 2009 figure that was affected by tough operating conditions in the commercial vehicles business.

Volkswagen Financial Services generated an operating profit of €684 million from January to September 2010, up €216 million on the prior-year period.

#### KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO SEPTEMBER 30<sup>1</sup>

thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
	2010	2009	2010	2009	2010	2009	2010	2009
Volkswagen Passenger Cars	2,843	2,542	58,930	47,470	46,140	38,649	1,554	335
Audi	968	852	25,998	21,689	18,157	14,994	2,271	1,172
Škoda	426	409	6,294	5,167	4,163	3,867	314	162
SEAT	260	235	3,732	3,358	2,697	2,451	-218	-228
Bentley	3	3	503	378	481	365	-145	-148
Volkswagen Commercial Vehicles	248	204	5,378	3,958	3,531	2,929	142	390 <sup>2</sup>
Scania <sup>3</sup>	44	30	5,966	4,537	5,966	4,537	938	98
VW China <sup>4</sup>	1,360	997	-	-	-	-	-	-
Other	-806	-656	-24,216	-18,252	2,060	982	-714 <sup>5</sup>	-732 <sup>5</sup>
Volkswagen Financial Services			9,963	8,853	9,352	8,384	684	468
<b>Volkswagen Group</b>	<b>5,345</b>	<b>4,616</b>	<b>92,547</b>	<b>77,158</b>	<b>92,547</b>	<b>77,158</b>	<b>4,826</b>	<b>1,518</b>
of which: Automotive Division	5,345	4,616	82,230	67,937	82,841	68,406	4,131	1,056
Financial Services Division			10,317	9,221	9,706	8,752	695	462

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Including the proceeds from the sale of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende.

3 Vehicles & Services and Financial Services.

4 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €1,317 million (€525 million).

5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits, and including depreciation and amortization of identifiable assets as part of the purchase price allocation for Scania.

**UNIT SALES AND SALES REVENUE BY MARKET**

In the first three quarters of this year, the Volkswagen Group sold a total of 2.7 million vehicles in the passenger car markets in the Europe/Remaining markets region, exceeding the prior-year figure by 7.1%. Sales revenue rose by 9.5% to €61.1 billion.

At 398 thousand vehicles, the Volkswagen Group's unit sales in North America were up 22.1% year-on-year in the reporting period, and grew at a substantially faster pace than the market as a whole. Sales revenue improved by €2.9 billion to €11.3 billion due to the increase in volumes and positive exchange rate effects.

In South America, we sold 665 thousand vehicles in the reporting period, 5.7% more than in the previous year. Sales revenue increased by €2.8 billion compared with 2009 to €9.7 billion due to volume and exchange rate-related factors. The prior-year figure included the Brazilian commercial vehicles business for January and February.

Unit sales in the passenger car markets in the Asia-Pacific region, including the Group's Chinese joint ventures, rose by 38.7% as against 2009 to 1.6 million vehicles in the reporting period. Sales revenue was up by 73.0% to €10.5 billion. This figure does not include the sales revenue of our Chinese joint ventures, as these are accounted for using the equity method.

**KEY FIGURES BY MARKET FROM JANUARY 1 TO SEPTEMBER 30<sup>1</sup>**

thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE	
	2010	2009	2010	2009
Europe/Remaining markets	2,695	2,517	61,104	55,779
North America	398	326	11,251	8,396
South America	665	629	9,723	6,932
Asia-Pacific <sup>2</sup>	1,587	1,145	10,469	6,051
<b>Volkswagen Group<sup>2</sup></b>	<b>5,345</b>	<b>4,616</b>	<b>92,547</b>	<b>77,158</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The sales revenue of the joint venture companies in China are not included in figures for the Group and the Asia-Pacific market.

### VOLKSWAGEN FINANCIAL SERVICES

Products from Volkswagen Financial Services met with a good response from customers in the first nine months of 2010. By developing innovative products along the automotive value chain, Volkswagen Financial Services again made a positive contribution to the Volkswagen Group's sales situation.

The innovative and environmentally friendly "Fleet-Competence eCO<sub>2</sub>" fleet program, which Volkswagen Leasing GmbH is implementing in cooperation with Naturschutzbund Deutschland (NABU – Nature and Biodiversity Conservation Union), received the "ÖkoGlobe 2010" international environmental award in September in the Environmentally Compatible Fleet category. The program enables fleet operators to intelligently combine cost savings and climate protection by leasing the most efficient and lowest-emission Volkswagen models in each case.

Volkswagen Bank *direct* has been growing for the past 20 years: launched in 1990 as the first automotive direct bank, it has become one of Germany's leading direct banks. Volkswagen Bank GmbH marked this anniversary by recording around one million customers and deposits totaling €20 billion. Volkswagen Bank *direct*'s success gives it a key role as one of the three pillars in Volkswagen Financial Services AG's refinancing strategy.

2.0 million new finance, leasing and insurance contracts were signed in the first nine months of 2010, 6.6% more than in the same period of 2009. The prior-year figures were adjusted to reflect the current definition. The total number of contracts as of September 30, 2010 was 1.7% higher than at December 31, 2009. The number of contracts in the Customer Financing/Leasing area increased by 1.5% to 5.1 million and the number of contracts in the Service/Insurance area was up by 2.1% on 2009. The proportion of total vehicle deliveries by the Group worldwide accounted for by leased or financed vehicles was 34.4% (32.6%), based on unchanged credit eligibility criteria. Receivables relating to dealer financing declined by 3.9% as against the end of 2009.

Volkswagen Bank *direct* managed 1.3 million accounts at the end of September 2010, 2.0% fewer than at December 31, 2009. Volkswagen Financial Services employed 7,691 people as of September 30, 2010.

The number of contracts in our fleet management business remained stable at the year-end 2009 level. Our LeasePlan joint venture managed around 1.3 million vehicles at the end of the third quarter.

# Interim Financial Statements (Condensed)

## Income Statement for the Period January 1 to September 30

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2010	2009	AUTOMOTIVE <sup>1</sup>		FINANCIAL SERVICES	
			2010	2009	2010	2009
<b>Sales revenue</b>	<b>92,547</b>	<b>77,158</b>	<b>82,230</b>	<b>67,937</b>	<b>10,317</b>	<b>9,221</b>
Cost of sales	-76,850	-67,268	-68,962	-59,898	-7,888	-7,371
<b>Gross profit</b>	<b>15,697</b>	<b>9,890</b>	<b>13,269</b>	<b>8,040</b>	<b>2,429</b>	<b>1,850</b>
Distribution expenses	-9,009	-7,590	-8,468	-7,199	-541	-391
Administrative expenses	-2,284	-1,991	-1,828	-1,635	-457	-356
Other operating income/expense	423	1,209	1,158	1,851	-735	-641
<b>Operating profit</b>	<b>4,826</b>	<b>1,518</b>	<b>4,131</b>	<b>1,056</b>	<b>695</b>	<b>462</b>
Share of profits and losses of equity-accounted investments	1,332	484	1,245	427	87	57
Other financial result	-714	-938	-769	-919	55	-19
<b>Financial result</b>	<b>618</b>	<b>-454</b>	<b>477</b>	<b>-492</b>	<b>141</b>	<b>39</b>
<b>Profit before tax</b>	<b>5,444</b>	<b>1,065</b>	<b>4,608</b>	<b>564</b>	<b>836</b>	<b>501</b>
Income tax expense	-1,416	-410	-1,209	-214	-206	-196
<b>Profit after tax</b>	<b>4,029</b>	<b>655</b>	<b>3,398</b>	<b>350</b>	<b>630</b>	<b>305</b>
Minority interests	251	-64	247	-59	4	-5
<b>Profit attributable to shareholders of Volkswagen AG</b>	<b>3,778</b>	<b>719</b>	<b>3,152</b>	<b>409</b>	<b>626</b>	<b>310</b>
<b>Earnings per ordinary share (€)<sup>2</sup></b>	<b>8.47</b>	<b>1.77</b>				
<b>Diluted earnings per ordinary share (€)<sup>2</sup></b>	<b>8.47</b>	<b>1.77</b>				
<b>Earnings per preferred share (€)<sup>2</sup></b>	<b>8.53</b>	<b>1.83</b>				
<b>Diluted earnings per preferred share (€)<sup>2</sup></b>	<b>8.53</b>	<b>1.83</b>				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

2 The prior-year figures were adjusted. Explanatory notes on earnings per share are presented in note 4.

- > Income Statement
- > Statement of Comprehensive Income
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements

## Statement of Comprehensive Income for the Period January 1 to September 30

€ million	2010	2009
<b>Profit after tax</b>	<b>4,029</b>	<b>655</b>
Exchange differences on translating foreign operations:		
Unrealized currency translation gains/losses	1,556	830
Transferred to profit or loss	–	58
Actuarial gains/losses	–2,503	–1,009
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	–274	1,106
Transferred to profit or loss	–148	–780
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	24	188
Transferred to profit or loss	–12	118
Deferred taxes	868	163
Share of other comprehensive income of equity-accounted investments, net of tax	365	–25
<b>Other comprehensive income, net of tax</b>	<b>–124</b>	<b>650</b>
<b>Total comprehensive income</b>	<b>3,905</b>	<b>1,304</b>
of which attributable to		
minority interests	453	146
shareholders of Volkswagen AG	3,453	1,158

### CHANGE IN TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

€ million	AMOUNT		AMOUNT		AMOUNT	
	BEFORE TAXES	TAXES	AFTER TAXES	BEFORE TAXES	TAXES	AFTER TAXES
			2010			2009
Exchange differences on translating foreign operations:	1,556	–	1,556	888	–	888
Actuarial gains/losses	–2,503	737	–1,765	–1,009	291	–718
Cash flow hedges	–422	134	–288	327	–37	290
Available-for-sale financial instruments (marketable securities)	13	–4	9	306	–91	215
Share of other comprehensive income of equity-accounted investments, net of tax	365	–	365	–25	–	–25
<b>Other comprehensive income</b>	<b>–991</b>	<b>868</b>	<b>–124</b>	<b>487</b>	<b>163</b>	<b>650</b>

## Income Statement for the Period July 1 to September 30

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2010	2009	AUTOMOTIVE <sup>1</sup>		FINANCIAL SERVICES	
			2010	2009	2010	2009
<b>Sales revenue</b>	<b>30,738</b>	<b>25,956</b>	<b>27,221</b>	<b>23,080</b>	<b>3,517</b>	<b>2,875</b>
Cost of sales	-25,004	-22,511	-22,287	-20,306	-2,717	-2,205
<b>Gross profit</b>	<b>5,734</b>	<b>3,444</b>	<b>4,934</b>	<b>2,774</b>	<b>800</b>	<b>670</b>
Distribution expenses	-2,906	-2,515	-2,716	-2,358	-190	-157
Administrative expenses	-791	-680	-644	-556	-147	-124
Other operating income/expense	-52	28	83	277	-135	-248
<b>Operating profit</b>	<b>1,985</b>	<b>278</b>	<b>1,657</b>	<b>137</b>	<b>328</b>	<b>141</b>
Share of profits and losses of equity-accounted investments	598	206	569	185	29	21
Other financial result	237	-223	236	-222	1	-0
<b>Financial result</b>	<b>835</b>	<b>-16</b>	<b>805</b>	<b>-37</b>	<b>30</b>	<b>21</b>
<b>Profit before tax</b>	<b>2,820</b>	<b>262</b>	<b>2,462</b>	<b>100</b>	<b>358</b>	<b>162</b>
Income tax expense	-615	-101	-525	-12	-90	-89
<b>Profit after tax</b>	<b>2,205</b>	<b>161</b>	<b>1,937</b>	<b>88</b>	<b>268</b>	<b>73</b>
Minority interests	100	-11	99	-8	2	-4
<b>Profit attributable to shareholders of Volkswagen AG</b>	<b>2,104</b>	<b>172</b>	<b>1,838</b>	<b>95</b>	<b>266</b>	<b>77</b>
<b>Earnings per ordinary share (€)<sup>2</sup></b>	<b>4.52</b>	<b>0.43</b>				
<b>Diluted earnings per ordinary share (€)<sup>2</sup></b>	<b>4.52</b>	<b>0.43</b>				
<b>Earnings per preferred share (€)<sup>2</sup></b>	<b>4.52</b>	<b>0.43</b>				
<b>Diluted earnings per preferred share (€)<sup>2</sup></b>	<b>4.52</b>	<b>0.43</b>				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

2 The prior-year figures were adjusted. Explanatory notes on earnings per share are presented in note 4.

- > Income Statement
- > Statement of Comprehensive Income
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements

## Statement of Comprehensive Income for the Period July 1 to September 30

€ million	2010	2009
<b>Profit after tax</b>	<b>2,205</b>	<b>161</b>
Exchange differences on translating foreign operations:		
Unrealized currency translation gains/losses	- 268	368
Transferred to profit or loss	-	-
Actuarial gains/losses	-1,172	-442
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	3,432	1,098
Transferred to profit or loss	49	-228
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	32	175
Transferred to profit or loss	-15	25
Deferred taxes	-658	-104
Share of other comprehensive income of equity-accounted investments, net of tax	127	-34
<b>Other comprehensive income, net of tax</b>	<b>1,527</b>	<b>857</b>
<b>Total comprehensive income</b>	<b>3,731</b>	<b>1,018</b>
of which attributable to		
minority interests	150	109
shareholders of Volkswagen AG	3,581	909

### CHANGE IN TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

€ million	2010		2009	
	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES	AMOUNT AFTER TAXES
Exchange differences on translating foreign operations:	- 268	-	- 268	368
Actuarial gains/losses	-1,172	346	-826	-442
Cash flow hedges	3,481	-999	2,482	870
Available-for-sale financial instruments (marketable securities)	16	-5	11	200
Share of other comprehensive income of equity-accounted investments, net of tax	127	-	127	-34
<b>Other comprehensive income</b>	<b>2,184</b>	<b>-658</b>	<b>1,527</b>	<b>961</b>
				<b>-104</b>
				<b>857</b>

## Balance Sheet as of September 30, 2010 and December 31, 2009

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2010	2009	AUTOMOTIVE <sup>1</sup>		FINANCIAL SERVICES	
			2010	2009	2010	2009
<b>Assets</b>						
<b>Noncurrent assets</b>	<b>108,437</b>	<b>99,402</b>	<b>58,140</b>	<b>52,411</b>	<b>50,297</b>	<b>46,992</b>
Intangible assets	12,913	12,907	12,836	12,790	77	117
Property, plant and equipment	24,652	24,444	24,249	24,064	404	380
Leasing and rental assets	11,135	10,288	298	324	10,838	9,964
Financial services receivables	35,219	33,174	–	–	35,219	33,174
Noncurrent investments, noncurrent receivables and other financial assets <sup>2</sup>	24,517	18,589	20,757	15,233	3,760	3,356
<b>Current assets</b>	<b>87,297</b>	<b>77,776</b>	<b>53,292</b>	<b>44,296</b>	<b>34,005</b>	<b>33,480</b>
Inventories	16,708	14,124	15,519	13,375	1,188	749
Financial services receivables	28,281	27,403	–160	–161	28,441	27,564
Current receivables and other financial assets	15,556	12,381	12,443	9,193	3,113	3,188
Marketable securities	4,794	3,330	4,700	3,231	93	98
Cash and cash equivalents	21,959	20,539	20,790	18,658	1,169	1,881
<b>Total assets</b>	<b>195,734</b>	<b>177,178</b>	<b>111,432</b>	<b>96,707</b>	<b>84,302</b>	<b>80,471</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>	<b>44,674</b>	<b>37,430</b>	<b>35,608</b>	<b>29,253</b>	<b>9,066</b>	<b>8,177</b>
Equity attributable to shareholders of Volkswagen AG	42,112	35,281	33,277	27,321	8,835	7,960
Minority interests	2,562	2,149	2,331	1,932	231	217
<b>Noncurrent liabilities</b>	<b>73,465</b>	<b>70,215</b>	<b>42,405</b>	<b>39,508</b>	<b>31,060</b>	<b>30,707</b>
Noncurrent financial liabilities	35,637	36,993	7,612	9,272	28,026	27,721
Provisions for pensions	16,576	13,936	16,397	13,793	179	142
Other noncurrent liabilities <sup>3</sup>	21,252	19,286	18,397	16,443	2,855	2,843
<b>Current liabilities</b>	<b>77,595</b>	<b>69,534</b>	<b>33,419</b>	<b>27,947</b>	<b>44,177</b>	<b>41,587</b>
Current financial liabilities	41,208	40,606	215	2,156	40,993	38,450
Trade payables	12,503	10,225	11,769	9,734	734	491
Other current liabilities	23,884	18,703	21,435	16,057	2,450	2,645
<b>Total equity and liabilities</b>	<b>195,734</b>	<b>177,178</b>	<b>111,432</b>	<b>96,707</b>	<b>84,302</b>	<b>80,471</b>

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intra-Group loans.

2 Including equity-accounted investments and deferred taxes.

3 Including deferred taxes.

Income Statement  
 Statement of Comprehensive Income  
 > Balance Sheet  
 > Statement of Changes in Equity  
 Cash Flow Statement  
 Notes to the Financial Statements

## Statement of Changes in Equity

€ million	ACCUMULATED COMPREHENSIVE INCOME								Equity attributable to shareholders of VW AG	Minority interests	Total equity
	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Reserve for actuarial gains/losses	Cash flow hedge reserve	Fair value reserve for securities	Equity-accounted investments			
<b>Balance at Jan. 1, 2009</b>	<b>1,024</b>	<b>5,351</b>	<b>31,522</b>	<b>-2,721</b>	<b>-672</b>	<b>1,138</b>	<b>-192</b>	<b>-439</b>	<b>35,011</b>	<b>2,377</b>	<b>37,388</b>
Capital increase	0	4	-	-	-	-	-	-	4	-	4
Dividend payment	-	-	-779	-	-	-	-	-	-779	-95	-874
Capital transactions involving a change in ownership interest	-	-	-76	-	-	-	-	-	-76	-316	-392
Total comprehensive income	-	-	719	767	-710	193	215	-25	1,158	146	1,304
Other changes	-	-	0	-	2	-	-	-	2	4	6
<b>Balance at Sept. 30, 2009</b>	<b>1,025</b>	<b>5,355</b>	<b>31,386</b>	<b>-1,953</b>	<b>-1,381</b>	<b>1,331</b>	<b>22</b>	<b>-464</b>	<b>35,320</b>	<b>2,116</b>	<b>37,436</b>
<b>Balance at Jan. 1, 2010</b>	<b>1,025</b>	<b>5,356</b>	<b>31,607</b>	<b>-1,881</b>	<b>-1,274</b>	<b>860</b>	<b>-1</b>	<b>-409</b>	<b>35,281</b>	<b>2,149</b>	<b>37,430</b>
Capital increase	166	3,970	-	-	-	-	-	-	4,136	-	4,136
Dividend payment	-	-	-754	-	-	-	-	-	-754	-43	-798
Capital transactions involving a change in ownership interest	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	3,778	1,350	-1,757	-292	9	365	3,453	453	3,905
Other changes	-	-	-3	-	-	-	-	-	-3	4	1
<b>Balance at Sept. 30, 2010</b>	<b>1,191</b>	<b>9,325</b>	<b>34,627</b>	<b>-531</b>	<b>-3,031</b>	<b>567</b>	<b>8</b>	<b>-45</b>	<b>42,112</b>	<b>2,562</b>	<b>44,674</b>

## Cash Flow Statement for the Period January 1 to September 30<sup>1</sup>

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2010	2009	AUTOMOTIVE <sup>2</sup>		FINANCIAL SERVICES	
			2010	2009	2010	2009
Profit before tax	5,444	1,065	4,608	564	836	501
Income taxes paid	-700	-321	-467	-142	-233	-179
Depreciation and amortization expense	7,444	6,503	5,691	4,901	1,752	1,602
Change in pension provisions	83	111	81	106	2	5
Other noncash income/expense and reclassifications <sup>3</sup>	-836	-78	-804	-360	-32	282
<b>Gross cash flow</b>	<b>11,435</b>	<b>7,280</b>	<b>9,110</b>	<b>5,069</b>	<b>2,326</b>	<b>2,211</b>
<b>Change in working capital</b>	<b>-948</b>	<b>3,009</b>	<b>2,396</b>	<b>4,088</b>	<b>-3,344</b>	<b>-1,079</b>
Change in inventories	-1,781	2,623	-1,482	2,370	-299	253
Change in receivables	-2,406	-321	-2,300	-184	-107	-137
Change in liabilities	4,467	1,700	4,134	1,434	333	265
Change in other provisions	2,280	559	2,139	534	141	25
Change in leasing and rental assets (excluding depreciation)	-2,157	-1,816	31	-51	-2,188	-1,765
Change in financial services receivables	-1,351	264	-127	-15	-1,225	279
<b>Cash flows from operating activities</b>	<b>10,487</b>	<b>10,289</b>	<b>11,506<sup>4</sup></b>	<b>9,157<sup>4</sup></b>	<b>-1,019</b>	<b>1,132</b>
<b>Cash flows from investing activities</b>	<b>-6,454</b>	<b>-4,102</b>	<b>-6,327</b>	<b>-4,052</b>	<b>-127</b>	<b>-49</b>
of which: acquisition of property, plant and equipment	-3,402	-3,906	-3,327	-3,856	-75	-50
capitalized development costs	-1,342	-1,502	-1,342	-1,502	-	-
acquisition and disposal of equity investments	-2,054	1,220	-1,995	1,226	-59	-6
<b>Net cash flow</b>	<b>4,033</b>	<b>6,187</b>	<b>5,179</b>	<b>5,104</b>	<b>-1,146</b>	<b>1,082</b>
Change in investments in securities and loans	-2,280	1,770	-2,274	1,490	-6	280
<b>Cash flows from financing activities</b>	<b>115</b>	<b>4,975</b>	<b>-282</b>	<b>4,328</b>	<b>396</b>	<b>647</b>
of which: capital increase by new preferred shares	4,099	-	4,099	-	-	-
Changes in cash and cash equivalents due to exchange rate changes	304	187	278	160	26	27
<b>Net change in cash and cash equivalents</b>	<b>2,171</b>	<b>13,119</b>	<b>2,902</b>	<b>11,083</b>	<b>-731</b>	<b>2,037</b>
<b>Cash and cash equivalents at September 30 (excluding time deposit investments)</b>	<b>20,407</b>	<b>22,562</b>	<b>19,264</b>	<b>18,722</b>	<b>1,142</b>	<b>3,841</b>
Securities and loans (including time deposit investments)	9,823	6,281	8,206	4,708	1,618	1,574
<b>Gross liquidity</b>	<b>30,230</b>	<b>28,844</b>	<b>27,470</b>	<b>23,429</b>	<b>2,760</b>	<b>5,414</b>
Total third-party borrowings	-76,845	-76,477	-7,826	-10,038	-69,019	-66,439
<b>Net liquidity at September 30</b>	<b>-46,615</b>	<b>-47,633</b>	<b>19,644</b>	<b>13,391</b>	<b>-66,259</b>	<b>-61,024</b>
For information purposes: at January 1	-52,052	-52,237	10,636	8,039	-62,688	-60,276

1 The prior-year figures were adjusted. Further details are published in the notes to the consolidated financial statements in the 2009 Annual Report.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

3 These relate mainly to fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets to investing activities.

4 Before consolidation of intra-Group transactions €12,061 million (previous year: €9,075 million).

## Notes to the Financial Statements

### Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2009 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended September 30, 2010 were therefore also prepared in accordance with IAS 34.

All figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

The interim consolidated financial statements were not reviewed by auditors.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group.

### Accounting policies

Volkswagen AG has complied with all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2010.

The revisions to IAS 27/IFRS 3 result in a change in the way future business combinations are presented. Changes in the interest held in existing consolidated subsidiaries that do not lead to a loss of control will continue to be recognized directly in equity.

The other accounting pronouncements required to be applied for the first time in fiscal year 2010 are insignificant for the presentation of the Volkswagen Group's net assets, financial position and results of operations. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2009 Annual Report.

A discount rate of 4.2% (December 31, 2009: 5.4%) was applied to German pension provisions in the accompanying interim financial statements. The decrease in the discount rate increased actuarial losses for pension provisions that are recognized in other comprehensive income.

The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34, Interim Financial Reporting.

In other respects, the same accounting policies and consolidation methods that were used for the 2009 consolidated financial statements are generally applied to the preparation of the Interim Report and the presentation of the prior-year comparatives. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2009 Annual Report. This can also be accessed on the Internet at [www.volkswagenag.com/ir](http://www.volkswagenag.com/ir).

## Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that the companies of the Group obtain benefits from the activities of these companies (subsidiaries).

### **CONSOLIDATED SUBSIDIARIES**

Four domestic companies that were not consolidated in the previous year, two domestic companies that were newly acquired and five unconsolidated foreign companies were initially consolidated in the reporting period. The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the Company's situation.

### **INTERESTS IN JOINT VENTURES**

In December 2009, Volkswagen AG acquired 49.9% of the shares of Porsche Zwischenholding GmbH, Stuttgart. Porsche Zwischenholding GmbH holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. On the basis of the agreements under company law with Porsche Automobil Holding SE, Stuttgart, Volkswagen shares control of Porsche Zwischenholding GmbH and its direct and indirect subsidiaries. The shares of Porsche Zwischenholding GmbH are accounted for using the equity method. The precise allocation of the purchase price to that company's assets and liabilities is still only preliminary because of the ongoing analysis.

Income Statement
Statement of Comprehensive Income
Balance Sheet
Statement of Changes in Equity
Cash Flow Statement
> Notes to the Financial Statements

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen has agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments will become the new co-investor in Global Mobility Holding for an initial period of two years. On the basis of an agreement entered into in September 2009, the previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the same purchase price of €1.4 billion. Volkswagen AG granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen pledged claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

#### INVESTMENTS IN ASSOCIATES

Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of Suzuki Motor Corporation, Hamamatsu, Japan, for €1.7 billion. On the basis of the economic cooperation agreed in the master agreement, Suzuki is classified as an associate. Following the exercise of outstanding convertible bonds by other investors, Volkswagen's interest in Suzuki fell to 19.37%. After acquiring additional shares, Volkswagen increased its interest again to 19.89% as of June 30, 2010. The shares are measured using the equity method. Allocation of the purchase price to Suzuki's assets and liabilities has only been preliminary so far.

## Disclosures on the consolidated financial statements

### 1 | Sales revenue

#### STRUCTURE OF GROUP SALES REVENUE

€ million	Q1-3	
	2010	2009
Vehicles	69,240	57,497
Genuine parts	6,643	5,737
Other sales revenue	6,966	5,231
Rental and leasing business	5,846	5,074
Interest and similar income	3,853	3,619
	<b>92,547</b>	<b>77,158</b>

### 2 | Cost of sales

Cost of sales includes interest expenses of €1.9 billion (previous year: €2.2 billion) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets, items of property, plant and equipment, and leasing and rental assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €0.9 billion (previous year: €0.3 billion).

### 3 | Research and development costs in the Automotive Division

€ million	Q1-3		%
	2010	2009	
Total research and development costs	4,754	4,653	2.2
of which capitalized development costs	1,342	1,502	-10.7
Capitalization ratio in %	28.2	32.3	
Amortization of capitalized development costs	1,753	1,140	53.8
<b>Research and development costs recognized in the income statement</b>	<b>5,164</b>	<b>4,290</b>	<b>20.4</b>

Income Statement  
 Statement of Comprehensive Income  
 Balance Sheet  
 Statement of Changes in Equity  
 Cash Flow Statement  
 > Notes to the Financial Statements

## 4 | Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. A potential dilutive effect arose in the reporting period from the seventh and eighth tranches of the stock option plan.

As the new preferred shares issued in the first quarter of 2010 carry retrospective dividend rights from January 1, 2009 and their subscription price was below their fair value, the number of shares in the previous year was partially adjusted retrospectively. This also resulted in a retrospective adjustment of earnings per share for the first to third quarters of 2009.

		Q3		Q1-3	
		2010	2009	2010	2009
Weighted average number of shares outstanding					
Ordinary shares: basic	million	295.0	295.0	295.0	294.9
diluted	million	295.0	295.1	295.0	295.1
Preferred shares: basic*	million	170.1	107.7	149.8	107.7
diluted*	million	170.1	107.7	149.8	107.7
Profit after tax	€ million	2,205	161	4,029	655
Minority interests	€ million	100	-11	251	-64
Profit attributable to shareholders of Volkswagen AG	€ million	2,104	172	3,778	719
Earnings per share					
Ordinary shares: basic*	€	4.52	0.43	8.47	1.77
diluted*	€	4.52	0.43	8.47	1.77
Preferred shares: basic*	€	4.52	0.43	8.53	1.83
diluted*	€	4.52	0.43	8.53	1.83

\* The prior-year figures were adjusted.

## 5 | Noncurrent assets

### CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND SEPTEMBER 30, 2010

€ million	Carrying amount at Jan. 1, 2010	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Sept. 30, 2010
Intangible assets	12,907	1,440	- 594	2,028	12,913
Property, plant and equipment	24,444	3,364	- 525	3,681	24,652
Leasing and rental assets	10,288	5,204	2,624	1,732	11,135

## 6 | Inventories

€ million	Sept. 30, 2010	Dec. 31, 2009
Raw materials, consumables and supplies	2,598	2,030
Work in progress	1,844	1,590
Finished goods and purchased merchandise	9,639	8,842
Current leased assets	2,620	1,575
Payments on account	7	86
	<b>16,708</b>	<b>14,124</b>

## 7 | Current receivables and other financial assets

€ million	Sept. 30, 2010	Dec. 31, 2009
Trade receivables	7,608	5,692
Miscellaneous other receivables and financial assets	7,948	6,689
	<b>15,556</b>	<b>12,381</b>

## 8 | Equity

Volkswagen AG issued 64,904,498 new preferred shares (with a notional value of €0.2 billion) as part of a capital increase in the reporting period. Volkswagen AG recorded a cash inflow of approximately €4.1 billion from the capital increase. In addition, Volkswagen AG issued 33,440 new ordinary shares (with a notional value of €85,606) as a result of the exercise of convertible bonds under the stock option plan. The subscribed capital is thus composed of 295,038,837 ordinary shares and 170,142,778 preferred shares, and amounts to €1.2 billion (previous year: €1.0 billion).

Volkswagen AG also paid a dividend of €754 million, of which €472 million was attributable to ordinary shares and €282 million to preferred shares.

## 9 | Noncurrent financial liabilities

€ million	Sept. 30, 2010	Dec. 31, 2009
Bonds, commercial paper and notes	22,956	25,645
Liabilities to banks	7,379	6,864
Deposits from direct banking business	3,869	3,041
Other financial liabilities	1,434	1,442
	<b>35,637</b>	<b>36,993</b>

## 10 | Current financial liabilities

€ million	Sept. 30, 2010	Dec. 31, 2009
Bonds, commercial paper and notes	19,725	18,397
Liabilities to banks	5,160	5,878
Deposits from direct banking business	14,993	15,268
Other financial liabilities	1,329	1,064
	<b>41,208</b>	<b>40,606</b>

## 11 | Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits.

€ million	Sept. 30, 2010	Sept. 30, 2009
Cash and cash equivalents as reported in the balance sheet	21,959	22,772
Time deposit investments	-1,552	-210
<b>Cash and cash equivalents as reported in the cash flow statement</b>	<b>20,407</b>	<b>22,562</b>

## 12 | Segment reporting

The segment reporting comprises the three reportable segments Passenger Cars and Light Commercial Vehicles, Scania and Volkswagen Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles and engines, the production and sale of passenger cars and commercial vehicles, and the genuine parts business. The individual passenger car brands and light commercial vehicles of the Volkswagen Group are combined on a consolidated basis in this segment.

The Scania segment comprises in particular the development, production and sale of heavy commercial vehicles, the corresponding genuine parts business and the financial services offering.

The activities of the Volkswagen Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management for the Passenger Cars and Light Commercial Vehicles segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss. The assets of the segments comprise all of the assets allocated to the individual activities.

The reconciliation contains activities that do not by definition form part of the segments. It also contains all of the unallocated Group financing activities. Consolidation adjustments between the segments (including the purchase price allocation for Scania and the holding company functions) are also contained in the reconciliation.

Income Statement  
 Statement of Comprehensive Income  
 Balance Sheet  
 Statement of Changes in Equity  
 Cash Flow Statement  
 > Notes to the Financial Statements

**OPERATING SEGMENTS: Q1–3 2009**

€ million	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	63,255	4,537	8,384	76,176	982	77,158
Intersegment sales revenue	3,408	–	469	3,876	– 3,876	–
Total sales revenue	66,663	4,537	8,853	80,052	– 2,894	77,158
Segment profit or loss (operating profit or loss)	1,544	98	468	2,111	– 592	1,518
Segment assets	87,427	9,577	76,670	173,674	3,109	176,784

**OPERATING SEGMENTS: Q1–3 2010**

€ million	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	75,169	5,966	9,352	90,487	2,060	92,547
Intersegment sales revenue	5,840	–	611	6,451	– 6,451	–
Total sales revenue	81,009	5,966	9,963	96,938	– 4,391	92,547
Segment profit or loss (operating profit or loss)	3,635	938	684	5,258	– 432	4,826
Segment assets	99,467	10,200	80,384	190,051	5,683	195,734

**RECONCILIATION**

€ million	Q1–3	
	2010	2009
<b>Segment profit or loss (operating profit or loss)</b>	<b>5,258</b>	<b>2,111</b>
Unallocated activities	127	93
Group financing	3	11
Consolidation adjustments	– 562	– 696
<b>Operating profit</b>	<b>4,826</b>	<b>1,518</b>
<b>Financial result</b>	<b>618</b>	<b>– 454</b>
<b>Profit before tax</b>	<b>5,444</b>	<b>1,065</b>

## 13 | Related party disclosures

At 50.74%, Porsche Automobil Holding SE holds the majority of the voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche Automobil Holding SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. This resolution had not yet been entered in the commercial register by the end of the reporting period. However, Porsche Automobil Holding SE continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

€ million	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
	Q1-3		Q1-3	
	2010	2009	2010	2009
Porsche Automobil Holding SE	0	0	–	392
Unconsolidated subsidiaries of VW AG	1,117	831	728	574
Joint ventures <sup>1</sup>	4,595	1,842	531	244
Associates	99	1,342	151	135
Porsche <sup>2</sup>	3,013	3,003	124	185
State of Lower Saxony and majority interests	9	3	0	0

1 From Q1 2010 including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries (supplies and services rendered in the reporting period: €691 million, supplies and services received: €192 million).

2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Dr. Ing. h. c. F. Porsche AG, Stuttgart, and its subsidiaries for Q1-3 2009.

The call option agreed in the Comprehensive Agreement with Porsche Automobil Holding SE on the shares of Porsche Zwischenholding GmbH has a positive fair value of €997 million (previous year: €48 million) as measured in accordance with financial valuation techniques, and the corresponding put option has a negative fair value of €150 million (previous year: €65 million). The change in the fair value of the options is attributable to updated assumptions underlying their valuation. The difference was recognized in other comprehensive income.

Factoring finance of €0.2 billion extended to a subsidiary of Porsche Zwischenholding GmbH at arm's length conditions and collateral requirements was outstanding as of September 30, 2010; €59 million of this amount was granted in the reporting period.

In the reporting period, Porsche Corporate Finance GmbH Zurich Branch, Salzburg, Austria, subscribed for seven commercial paper issues by Volkswagen AG, Volkswagen International Finance N.V., Amsterdam, the Netherlands, and Volkswagen Group Services S.A., Brussels, Belgium, with a total volume of €0.1 billion. The commercial paper issued by subsidiaries is guaranteed by Volkswagen AG.

## 14 | Contingent assets and liabilities

Contingent liabilities increased by €1.4 billion compared with the amount disclosed in the 2009 consolidated financial statements because of the pledge of certificates of deposit with Bankhaus Metzler to secure a loan granted to Fleet Investments B.V., Amsterdam, the Netherlands, by Bankhaus Metzler. Fleet Investment B.V. is the co-investor in Global Mobility Holding B.V., Amsterdam, the Netherlands, a joint venture of the Volkswagen Group.

### German Corporate Governance Code

The current declarations in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the German Corporate Governance Code by the Board of Management and Supervisory Board of Volkswagen AG, as well as those by the Board of Management and Supervisory Board of AUDI AG, are permanently available on the Internet at [www.volkswagenag.com/ir](http://www.volkswagenag.com/ir) and [www.audi.com](http://www.audi.com) respectively.

### Significant events after the balance sheet date

There were no significant events after the end of the first nine months of 2010.

Wolfsburg, October 27, 2010

Volkswagen Aktiengesellschaft

The Board of Management

## Contact Information

### **PUBLISHED BY**

Volkswagen AG  
Finanzpublizität  
Brieffach 1848-2  
38436 Wolfsburg  
Germany  
Phone +49 5361 9-0  
Fax +49 5361 9-28282

### **INVESTOR RELATIONS**

Volkswagen AG  
Investor Relations  
Brieffach 1849  
38436 Wolfsburg  
Germany  
Phone +49 5361 9-86622 IR Hotline  
Fax +49 5361 9-30411  
E-mail [investor.relations@volkswagen.de](mailto:investor.relations@volkswagen.de)  
Internet [www.volkswagenag.com/ir](http://www.volkswagenag.com/ir)

Volkswagen AG  
Investor Relations  
17C Curzon Street  
London W1J 5HU  
United Kingdom  
Phone +44 20 7290 7820  
Fax +44 20 7629 2405

Volkswagen Group of America, Inc.  
Investor Relations Liaison Office  
(Questions relating to American  
Depositary Receipts)  
2200 Ferdinand Porsche Drive  
Herndon, Virginia 20171  
USA  
Phone +1 703 364 7000  
Fax +1 703 364 7080

This Interim Report is also available on the  
Internet, in German and English, at:  
[www.volkswagenag.com/ir](http://www.volkswagenag.com/ir)

Printed in Germany  
058.809.526.20

### Financial Calendar

#### **March 10, 2011**

Volkswagen AG Annual Media Conference and Investor Conference  
Publication of the 2010 Annual Report

#### **April 27, 2011**

Interim Report January – March 2011

#### **May 3, 2011**

Volkswagen AG Annual General Meeting  
(Congress Center Hamburg)

#### **July 28, 2011**

Half-Yearly Financial Report 2011

#### **October 27, 2011**

Interim Report January – September 2011